In light of these facts—the fact that there was money, there was a surplus—I voted for the first round of Bush tax cuts. I believed the government surpluses should be returned to the American people. But as President Bush was leaving office, we were forced to confront some very sobering truths. The 10-year budget deficit was projected to be $6.3 trillion, not the $5.6 trillion surplus we had thought. There was a total turnaround. The national debt had increased by over 80 percent.

The argument made by Republicans, if we remember, during that time was that deficits don't matter. It doesn't matter that the Iraq war was not funded. The tax cuts didn't matter. ''Deficits don't matter'' was reiterated throughout this Chamber, and the belief was that lower income tax rates would actually increase revenue for the Federal Government. This has been debunked by recent history.

CBO data shows that changes in law between 2001 and 2005 resulted in deficit increases of $539 billion, and the Bush tax cuts accounted for nearly half that amount.

However, the most scathing indictment against extending these tax cuts for the wealthy is illustrated in our recent history of inequality and wage stagnation. From 2003 to 2007, incomes for families in the top 5 percent of taxpayers increased by 7 percent, while incomes for the other 95 percent of taxpayers remained stagnant. So from 2003 to 2007, the only incomes that increased were the top 5 percent. Everybody else remained stagnant. So the economy was clearly working for the other 5 percent but not for anybody else.

The average income of the top 1 percent of income earners increased by 10 times as much as that for the bottom 90 percent. That is an amazing figure, if you think about it, that the top 1 percent gained 10 times more in income than all of the other bottom 90 percent of taxpayers.

During the expansion of 2002 to 2007, families saw their median income drop by $2,000. That is the first time Americans have seen their incomes drop during a period of economic growth. So there was growth, but the median income was dropping during that period of time.

During this period, also, income tax rates for the top 1 percent of earners were reduced by twice as much as rates for anyone else. The top 1 percent today—and under the Bush years—are paying less in taxes than they did in the Clinton years. So there was actually a drop in rate for the top 1 percent.

In 2007, the top 10 percent took home almost half of the country's total earnings, which translates to the highest level of income inequality in our Nation's history in that year, 2007.

We face a number of daunting problems. Our national debt is now in excess of $14 trillion. If we continue deficit spending, we will unquestionably begin to constrict economic opportunity for this generation and those that follow.

Our economy is struggling to grow at a pace that will start providing jobs, we hope, for over 15 million out-of-work Americans. I think income inequality today is at a historic high, and it is an unacceptable high.

In light of these facts, I do not see the merit in the argument that a permanent extension of the Bush tax cuts for the wealthy will have a materially beneficial impact on the economy, and I applaud Chairman BAUCUS for introducing a responsible bill recognizing these stark realities.

If we were to do this, we increase income inequality. If you continue to lower taxes for the top brackets, all you do is increase income inequality. You grow the gap between the rich and the poor. I would suggest that bodes ill for the United States of America.

Chairman BAUCUS also included two key provisions in this bill, and I would like to take a few moments to speak about them.

This summer, I introduced a bill that would allow family farmers to defer their estate tax payments until they sold the farm or took it out of operation as a farm. The idea was to make sure small working family farms avoided having to make crippling decisions about their land when it came time to pay the estate tax. Let me explain why.

Family farms today in America are land rich and cash poor. Farm incomes have not kept pace with rising land values in this country, which puts family farms in a precarious position when it comes to settling estate tax bills. Because family farmers often have little cash on hand to pay the estate tax, they can be forced to sell land to developers in order to make good on the estate tax. Over multiple generations, this can decimate the operation of a farm.

This proposal before us today would preserve the existence of family farms by allowing them to defer paying the estate tax until they are taken out of operation and to reassess it at a stepped-up value at that time. By doing this, we can preserve and strengthen existing family farms, which I strongly believe are part of the fabric of this country.

This provision would not be available to everyone. It includes income and asset restrictions in order to ensure that the deferral benefit goes only to farmers who need it most and not agribusinesses. If farmers who elect deferral fall out of compliance with the requirements, they would face a recapture penalty in the amount of the estate tax owed. It is my hope in this way we can help ensure the continued existence of family farms, and I applaud the chairman for including this provision.

The legislation also includes a 2-year extension of the highly successful Treasury Grant Program, which has been widely credited with maintaining strong economic growth in the renewable energy sector in 2009 and 2010 despite the severe economic turndown.

The grant program has proven a particularly effective job creation tool. According to a Lawrence Berkeley National Laboratory study, the program has enabled hundreds of renewable energy projects to move forward and save more than 55,000 American jobs in the wind industry alone.

Prior to the economic meltdown, clean energy project developers relied on tax equity partnerships with investors to take advantage of clean energy tax incentives. In 2008, the economic meltdown froze the $8 billion tax equity market, jeopardizing billions of dollars in clean energy investment. The Treasury Grant Program proved an effective replacement for these partnerships, supporting about $18.2 billion in clean energy investment to build 8,600 megawatts of renewable energy generation through October 25 of this year.

With most utilities and developers still unable to utilize existing production and investment tax credits, and our Nation's economic recovery dependent on the creation of new jobs, this 1-year extension of the grant program is critical.

According to a survey of all leading participants in the tax equity market, without an extension of the program, the anticipated financing available for renewable energy is expected to decrease by 56 percent in 2011.

In contrast, a recent study found that a 1-year extension of the Treasury Grant Program would result in nearly 65,000 more jobs in the solar industry alone and enough additional solar power to power more than 1.2 million homes.

So it is important to emphasize this is not a new Federal incentive program. It simply allows clean energy companies to utilize existing investment and production tax credits without having to partner with Wall Street banks.

This proposal, however, does include one serious problem, which I and many of my colleagues oppose: an extension of wasteful subsidies and tariffs for ethanol. The Baucus draft would extend, for 1 year, the ethanol tariff at 54 cents per gallon while lowering the tax credit for blending ethanol into gasoline from 45 cents to 36 cents. This increases the real trade barrier on ethanol imports. Fuel importers will pay a real 18 cents per gallon tariff on ethanol that they do not have to pay if they choose to import oil instead.

This will only make America more dependent on foreign oil from OPEC states. It will increase the competitive advantage that oil already has over cleaner, climate friendly ethanol imports from democratic, sugar-producing states including Brazil, Australia, and India. This is bad trade policy, bad environmental policy, and bad energy policy.